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BUREAU OF INTELLIGENCE & RESEARCH
OFFICE OF ANALYSIS FOR EAST ASIA AND PACIFIC

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Report No. 191 March 13, 1991

EXCISE

- I. PRC/USSR/US: Beijing Bracing For Change
- II. China/Gulf: Missed Opportunities, Lessons To Learn
- III. China's Calculations On Selling M-9s to Syria
- IV. China's Faltering International Space Launch Program
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I. PRC/USSR/US: BEIJING BRACING FOR CHANGE (2/22)

Beijing hopes Gorbachev can hold in check disintegrative forces and retain--or regain--Moscow's ability to challenge US "hegemony," but Chinese leaders doubt he will succeed. Some expect he will be ousted. Even PRC moderates worry that unless conservative forces and authoritarian measures forestall a collapse in the Soviet Union, the US will achieve unrivaled dominance in the international system. Beijing fears that this would leave China facing a US-led international order based on "Western" concepts of the market economy and human rights in which it has little leverage or room to maneuver.

Gorbachev On the Way Out? Hardliners in Beijing have taken comfort from Gorbachev's recent conservative turn, which they feel validates China's actions during and after Tiananmen.

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Beijing does not want to see a complete Soviet collapse, which China fears could enable the US and its allies to dictate the terms of the "new world order." Nor does it want the Soviet Union to become so dependent on the West for economic and political support that Moscow's policies echo those of the US and the West. So long as the USSR maintains some distance from the West, its policies provide opportunities for China and others countries to gain influence or assert their own independence.

Downside of Gorbachev Ouster. Although Chinese hardliners would not be unhappy to see Gorbachev replaced by their Soviet equivalents, more moderate leaders may be worried about the negative effect this might have on Sino-Soviet relations. Whatever ideological discomfort Gorbachev's policies of glasnost and perestroika gave China, Beijing benefited from his foreign policy. In particular, his willingness to reduce

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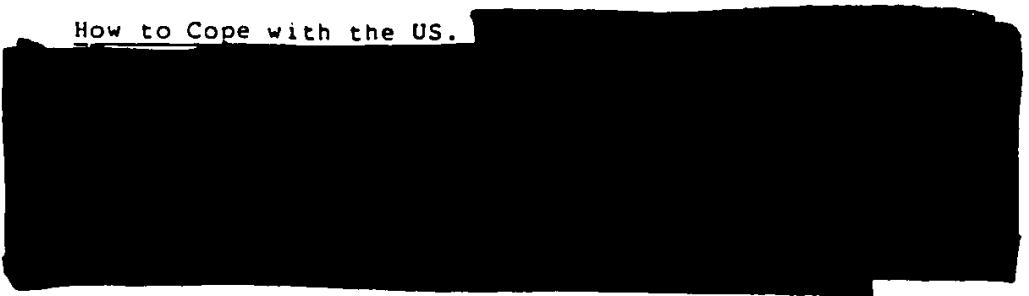
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Soviet troop strength in Asia and make policy changes in Afghanistan and Cambodia led to improved relations with the PRC and, more importantly, reduced the threat to China's security. Beijing hopes a post-Gorbachev Soviet Union will be too preoccupied at home to reverse Gorbachev's foreign policy. But a more nationalistic regime in Moscow might be less eager to improve military relations by selling its most sophisticated military technology to the PRC or to make the territorial concessions necessary in order to reach a border agreement with China.

How to Cope with the US.

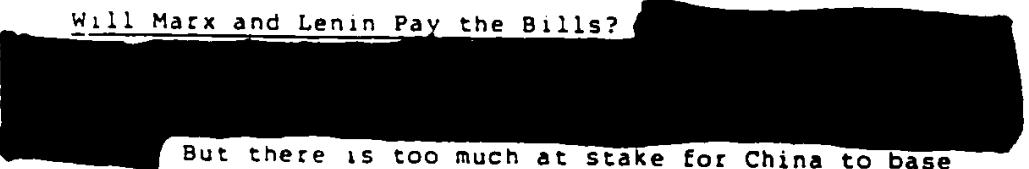
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Deng Xiaoping may hope the US will be even more willing to cooperate with China on geopolitical issues if conservatives rule in Moscow and US-Soviet relations are strained. Deng and other Chinese leaders have argued that the US was willing to work with Mao at a time when China's human rights situation was much worse than today.

Will Marx and Lenin Pay the Bills?

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But there is too much at stake for China to base foreign policy on socialist affinities alone. China can only continue its economic development and maintain international influence by staying on reasonably good terms with both the US and USSR. (DKingsland) (SECRET/NOFORN/NOCONTRACT/ORCON/EXDIS)

II. CHINA/GULF: MISSED OPPORTUNITIES, LESSONS TO LEARN (3/4)

China may have hoped to squeeze diplomatic gains from the Gulf war if, as PRC analysts had predicted, the US became bogged down militarily and the coalition began to split. The coalition's rapid success on the ground surprised the Chinese and in the short run may have strengthened the hand of hard-liners in Beijing who feel the United States is out to

control not only in the Middle East but the rest of the world--including China. If conservative views prevail in Beijing, there could be a negative effect not only on US-China relations but also on domestic issues.

Caught on the fence

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[REDACTED] hoped a prolonged crisis would lead the United States to make concessions--including restoring full political and economic relations with China--to win Beijing's support on Gulf-related questions.

While encouraging the Soviets and others to mediate the crisis, the Chinese held back, judging the time not right for a brokered end to the war. By keeping lines open to Baghdad [REDACTED] b1

[REDACTED] China also hoped to retain influence with Iraq and pro-Iraqi Arabs.

But the overwhelming victory will enable the United States and its allies to set the terms for regional reconstruction. If coalition concern about Saddam leads to an extended arms embargo, China will have to forgo its most important means of influence with Iraq or risk further damage to its international standing.

Less benign world view

The emergence of a multipolar world has been a cornerstone of Deng's foreign policy. Some Chinese now argue that a world with only one superpower, the United States, will be unstable for some time, a situation not conducive to rapid economic development or China's geopolitical interests. Hard-liners may prefer to encourage greater economic self-reliance, and if this view prevails, Beijing may be less accommodating on disputes with Washington over trade, human rights, or proliferation--all of which may come into play in this year's debate over renewal of MFN status for China.

A weakened Deng

Deng's acceptance of faulty analysis of the Gulf situation and how China should handle it may weaken his ability to nudge China back onto the reform path during the run-up to the late-March legislative session that will consider the next five- and ten-year plans. Local interests and central reformists remain delicately balanced with conservative planners. In late February conservatives laid out their ideas on near-term "reforms"--measures to reduce the central budget

deficit and strengthen state-run industry.

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~~SELLING M-9s TO SYRIA~~

Neither side seems able to break the deadlock, but a weakened Deng may lose the initiative to the conservatives.

Military reassessment

The PLA must also do some soul searching about the Gulf war's military lessons. Many professional officers reportedly were awed by the rapid victory of advanced technology over Iraq's more traditionally equipped--but modern--forces. They recognize that to become a world-class military force, the PLA would have to embark on a major and costly modernization program--an effort that would be dependent on western good will and technology and is in any case unlikely given China's current budget stringency.

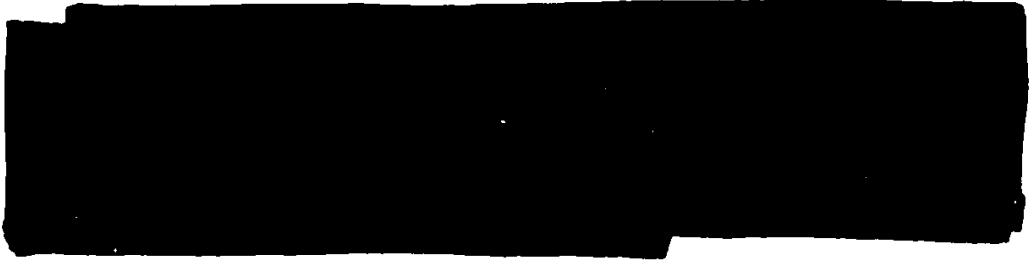
Others in the PLA will draw a different lesson: old-line commanders and commissars argued that Saddam would prevail because he adopted the time-honored Maoist strategy of "luring the enemy in deep" for a protracted land war. They will now argue Iraq failed not because technology is decisive, but because of poor morale and inadequate political indoctrination. (CClarke/DKingsland) (SECRET/NOFORN/NOCONTRACT/ORCON/EXDIS)

III. CHINA'S CALCULATIONS ON SELLING M-9s TO SYRIA (3/11)

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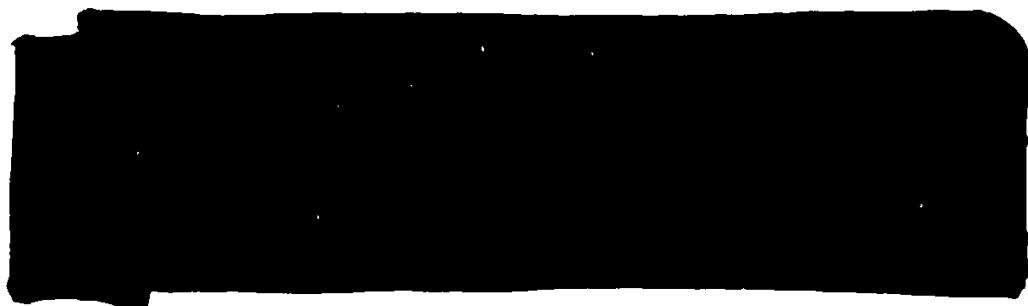
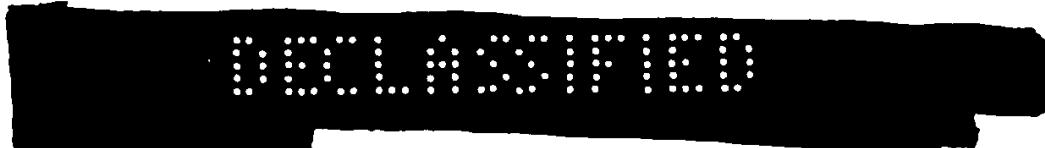


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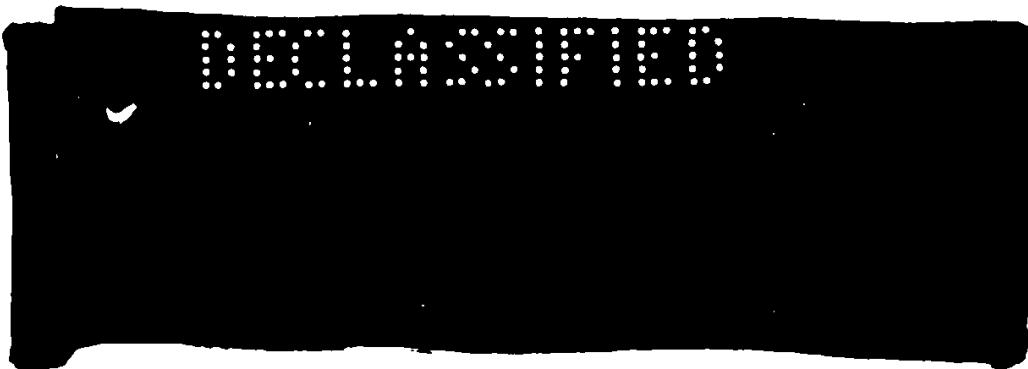
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IV. CHINA'S FALTERING INTERNATIONAL SPACE LAUNCH PROGRAM

China's ambitious plans to carve out a major niche in the international space launch market have run into serious problems. Since signing an orderly marketing agreement with the US in December 1988 that allowed China to contract for nine foreign launches proportionally spaced over the following six years (the "anti-bunching" provision), China has launched only one satellite for a foreign owner and has contracts for only two more.

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~~It now seems China will be hard pressed to launch as many as nine foreign satellites during the remaining term of the agreement without running afoul of the anti-bunching provision.~~

Great expectations. China first entered the international launch market in the mid-1980s with great ambitions of finding a lucrative niche servicing mainly Third World demand for launches of communications satellites. Taking advantage of the opportunity provided by the US shuttle disaster and several failed Arianespace launches, Beijing trumpeted its string of successful launches of domestic satellites spanning the 1970s and 1980s. In a flurry of activity during the next several years, Chinese representatives investigated possible launches

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After intensive negotiations, the US and China in 1988 signed an agreement under which Beijing pledged to limit the number of foreign launches to nine during the next six years, to be distributed proportionally throughout the period of the agreement. Beijing also agreed not to impair the smooth functioning of the international launch market and to offer prices, terms, and conditions on a par with those provided by market economies.

The best of times... Beijing started out well, landing contracts to launch a satellite for a Hong Kong-based consortium (ASIASAT) and two more for Australia. China's first launch of a foreign satellite was accomplished without a hitch; with much fanfare, Beijing launched the ASIASAT-1 in April 1990 on its Long March 3 booster.

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As a result, ASIASAT was said to be seriously considering using China to launch its second satellite in 1993 or 1994.

The worst of times... Despite Beijing's initial success with ASIASAT, the AUSSAT program has been star-crossed.

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Beijing was unable to meet its contractual obligation to conduct a simulated launch of the AUSSAT by the end of last June. The launch finally took place on July 16, but failed to properly place the dummy payload simulating the AUSSAT satellite; the dummy payload apparently reentered the atmosphere instead of being boosted into higher orbit. Beijing refused to call the launch a failure--which would have required them to conduct a second test launch at no charge--and has promised to fix the problem.

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The ghost of missiles past and present. Beijing's role in missile proliferation is also raising new questions about US ability to issue export licenses for satellites to be launched on Chinese boosters. Under the National Defense Authorization Act, domestic or foreign business entities that export missiles or missile-related equipment, components, or technology contravening MTCR guidelines are subject to sanctions, including denial of such licenses.

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V. HOLLERING ACROSS THE HIMALAYAS

Recriminations between Beijing and the exiled Dalai Lama have picked up with the approach of the 40th anniversary of the PLA's "peaceful liberation" of Tibet. Discussions between the two sides--interrupted by the post-Tiananmen crackdown--appear unlikely to resume in any serious way in the near term.

Beijing's jitters.

Under the guise of an on-going national anti-crime campaign, police and courts in Tibet have also conducted a vigorous crackdown on both common and political offenders. Overall, according to official statistics, the number of people processed by courts in Tibet last year for alleged crimes increased by nearly 43 percent over 1989. Tibetan exiles charge that many of those convicted of criminal offenses were actually persecuted for political beliefs or activities. According to official press reports from Tibet, at least 24 "counterrevolutionaries" were arrested in Tibet in 1990. A

court in Xigazi, Tibet's second largest city, last month reportedly convicted two Tibetans of 'counter-revolutionary propaganda and provocation,' charges that can carry heavy sentences. Chinese press in early March reported the arrest of a "government-in-exile spy" by state security officials.

Beijing has also attempted to strong-arm a number of countries into refusing visits by the Dalai Lama. The Chinese successfully turned off a recent trip to Nepal

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Beijing's propaganda offensive. At the same time that officials are cracking down internally, they are stepping up efforts to propagandize the "improvements" made in Tibet since "liberation" and to publicize supportive statements by Tibetans. In early March, for example, Xinhua's English service published an encomium to the "new" Tibet by a former supporter of the Dalai Lama and one-time independence activist who has since returned to live in Tibet.

To commemorate the 40th anniversary of the PLA's entry into the region, Beijing trotted out the venerable octogenarian Ngapoi Ngawang Jigme

Ngapoi was the governor of Kham when the PLA moved in and later served as one of five members of the Tibetan negotiating team that signed the 1951 17-point agreement which was supposed to have guaranteed Tibet continued autonomy. In his anniversary statement, Ngapoi denounced the old Tibetan society, praised "liberation," and chided the Dalai Lama for sticking to his "unreasonable and totally unfeasible" dream of independence. He also lamented that if Tibet had not rebelled against Chinese rule in 1959, it could have kept its own political system and the Dalai Lama could have retained his status as god-king, an assertion that can only be termed implausible.

Exiles step up criticism. The exile movement, hoping to capitalize on the Dalai Lama's 1989 Nobel Peace Prize, has declared 1991 the "International Year of Tibet." In February, the Tibetan exile movement intensified its criticism of Beijing's policies in the region, drawing attention to a recent death sentence for murder handed down to a Tibetan in Chamdo. The "government-in-exile" warned that the death sentence, along with the imposition of several long prison terms for alleged crimes, could mark the beginning of another bloody crackdown. The exiles may also seize on the death in prison of 19-year-old Lhakpa Tsering last December: although Beijing has said he died of complications following appendicitis, rumors are widespread that he was beaten to death for threatening to denounce prison conditions to foreigners visiting the prison in which he was housed.

The Dalai Lama's latest salvo is guaranteed to further anger Beijing. In a statement marking the 32nd anniversary of the Tibetan uprising--pointedly not the 40th anniversary of "liberation"--the Dalai Lama called on Asian leaders to help create a new democratic union in the region, including China as well as "Tibet, East Turkestan (Xinjiang), and Inner Mongolia, [all of] who[m] seek freedom from Chinese colonialist rule." Taken together, greater Tibet, Xinjiang, and Inner Mongolia encompass nearly two-thirds of the People's Republic of China.

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Prognosis. With several months of sensitive anniversaries holding out the prospects for tension and possible unrest, Beijing remains determined to take whatever measures it deems necessary to keep Tibet under its firm control. The exile movement will almost certainly respond to continued repression with increased public criticism. Moreover, the Dalai Lama still hopes to capitalize on his Nobel Prize, the unprecedented international scrutiny accorded to China's human rights situation, and increased Western interest in Tibet. The Dalai Lama likely will travel abroad to draw attention to continued repression in Tibet and promote his ideas for a long-term solution that would give Tibet far greater autonomy under a loose, even nominal, affiliation with Beijing. In such a climate, accommodation between the two sides seems a remote possibility at best. (CClarke) (SECRET/NOFORN)